LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
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FISCAL IMPACT STATEMENT

LS 7663
BILL NUMBER: HB 1890

DATE PREPARED: Feb 15, 2001
BILL AMENDED: Feb 15, 2001

SUBJECT: Insurance Coverage for Childhood Immunizations.

FISCAL ANALYST: Jim Landers
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FUNDS AFFECTED: X   **GENERAL**
                                DEDICATED
                                FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) The bill requires state employee health benefit plans, policies for accident and sickness insurance, and health maintenance organization contracts to provide coverage for those childhood immunizations that are required for enrollment in the first grade. The bill prohibits such coverage from being subject to a copayment, deductible, coinsurance, or out of pocket expense that is greater than that for similar benefits under a health insurance policy or health benefit plan.

Effective Date: July 1, 2001.

Explanation of State Expenditures: (Revised) The bill would require childhood immunizations to be covered by the state employee health plans, but would allow this coverage to be subject to a copayment, deductible, coinsurance, or out of pocket expense equal to or less than that for similar benefits under the plans. The current coverage generally provided by these plans for childhood immunizations suggests that this requirement will not have a fiscal impact.

The bill potentially could decrease the number of children in the state who are currently covered by insurance but obtain publicly funded immunizations. The extent of the decrease is unknown.

Insurance Coverage: Currently, the six HMOs that provide health benefits to state employees cover childhood immunizations. Five of the six HMOs require only a $5 copay and no deductible, and the remaining HMO requires no copay or deductible. The state's self-insurance plan also covers childhood immunizations but requires a 20% copay. Relative to all covered services, the plan requires a $400-$600 deductible with an annual maximum for out-of-pocket expenses equal to $2,400. The copays required for immunizations by these plans are consistent with that required for other services. Consequently, the requirements of the bill would not impact the cost of health benefits.

Publicly Funded Immunizations: Local health departments provide childhood immunizations for approximately 27% of the children in Indiana. Some of these children may be insured but the insurance does

not cover immunizations. Consequently, the bill's requirement that cost of immunizations be covered in full by insurance policies and HMO's could potentially reduce the number of children being immunized at local health department programs. According to State Health Department pricing information, the full battery of required childhood immunizations based on public sector unit prices is approximately $501. The amount of state funding that is spent for this purpose is currently unknown.

The childhood immunizations required under Indiana law and their respective public sector costs are presented in the table below. The total per child public sector cost of the required immunizations is approximately $501.

Immunization	Total Doses	Public Sector Unit Price	Public Sector Total Cost
Diptheria/Tetnus/Pertusis	5	$46.25	$231.25
Polio	4	$31.00	$124.00
Measles/Mumps/Rubella	2	$32.16	$64.32
Hepatitis B	3	$27.00	$81.00
Total			$500.57

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) The bill would require childhood immunizations to be covered by health insurance policies and HMO contracts, but would allow this coverage to be subject to a copayment, deductible, coinsurance, or out of pocket expense equal to or less than that for similar benefits under the plans. This could potentially impact local governments and school corporations purchasing health benefits from insurance companies and HMOs for their employee health benefit plans. The cost of the full battery of required childhood immunizations is approximately $1,005 per child. However, this does not necessarily mean that premium costs for local unit and school corporation health benefit plans would increase by that amount. The actual impact on premiums would depend upon the extent to which these employee health plans already pay for required childhood immunizations. Specifically, premium increases could potentially occur if an employee health benefit plan currently doesn't cover childhood immunizations or covers immunizations, but with a copayment, deductible, coinsurance, or out of pocket expense that is higher than for other services.

In addition, a premium increase resulting from the bill may not necessarily imply additional budgetary outlays since employer responses to increased health benefit costs may include: (1) greater employee cost sharing in health benefits; (2) reduction or elimination of health benefits; (3) reduction in the size of the workforce eligible for health benefits; and (4) passing costs onto workers in the form of lower wage increases than would otherwise occur.

Immunization Costs: According to State Department of Health pricing information, the full battery of required childhood immunizations costs approximately $1,005 through private providers. The childhood immunizations required under Indiana law and their respective private sector costs are presented in the table below.

Immunization	Total Doses	Private Sector Unit Price	Private Sector Total Cost
Diptheria/Tetnus/Pertusis	5	$85.60	$428.00
Polio	4	$61.68	$246.72
Measles/Mumps/Rubella	2	$56.38	$112.76
Hepatitis B	3	$72.60	$217.80
Total			**$1,005.28**

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Local Government Units and School Corporations.

Information Sources: Norma Selby, State Department of Health, 233-7573.
  Population Projections for Indiana, 2001-2005, U.S. Census Bureau.
  Current Population Report, 1998, U.S. Census Bureau.
  National Immunization Program, Vaccines for Children (VFC),
    Website at: http://www.cdc.gov/nip/vfc/about.htm.